

**KISATCHIE-DELTA REGIONAL PLANNING
AND DEVELOPMENT DISTRICT, INC.**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/10/07

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August 29, 2006

INDEPENDENT AUDITORS' REPORT

Kisatchie Delta Regional Planning and
Development District, Inc.
Alexandria, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kisatchie Delta Regional Planning and Development District, Inc. as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Kisatchie Delta's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Kisatchie Delta Regional Planning and Development District, Inc. as of June 30, 2006 and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of

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INDEPENDENT AUDITORS' REPORT

AUGUST 29, 2006

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management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated August 29, 2006 on our consideration of the Kisatchie Delta's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Kisatchie-Delta's basic financial statements. The combining financial statements listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Kisatchie Delta Regional Planning and Development District, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

KISATCHIE-DELTA

REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis

For the Year Ended June 30, 2006

This section of Kisatchie-Delta Regional Planning and Development District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2006.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present Kisatchie-Delta's financial position and results of operations from differing perspectives, which are described as follows:

Government-Wide Financial Statements

The government-wide financial statements report information about Kisatchie-Delta as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of Kisatchie-Delta's assets and all of its liabilities (including long-term debt). Expenses incurred in connection with the operation of Kisatchie-Delta's programs are reported as governmental activities. The governmental activities are financed by grants, fees and membership dues.

Fund Financial Statements

Fund financial statements provide detailed information regarding Kisatchie-Delta's most significant activities and are not intended to provide information for Kisatchie-Delta as a whole. Funds are accounting devices that are used to account for specific sources of funds. Kisatchie-Delta's funds are all classified as governmental funds. These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of Kisatchie-Delta's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

FINANCIAL ANALYSIS OF KISATCHIE-DELTA AS A WHOLE

Government-wide financial data for Kisatchie-Delta are presented as follows:

Net Assets

A condensed version of the government-wide Statement of Net Assets is presented as follows:

KISATCHIE-DELTA

REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis

For the Year Ended June 30, 2006

	<u>June 30,</u>	
	<u>2006</u>	<u>2005</u>
<u>Assets:</u>		
Current and Other Assets	\$ 958,565	\$ 1,084,287
Capital Assets	9,094	2,607
Total Assets	967,659	1,086,894
<u>Liabilities:</u>		
Current and Other Liabilities	122,160	114,339
Long-term Liabilities	1,270,301	1,339,169
Total Liabilities	1,392,461	1,453,508
<u>Net Assets:</u>		
Invested in Capital Assets	9,094	2,607
Unrestricted	(433,896)	(369,221)
Total Net Assets	\$ (424,802)	\$ (366,614)

In order to promote economic development, Kisatchie-Delta has borrowed \$2,000,000 from the USDA's Intermediary Relending Program (IRP) for the purpose of establishing a revolving loan fund. Kisatchie-Delta's IRP loan program has originated numerous loans and these loans have experienced a substantial rate of default. Due to losses associated with these problem loans, liabilities currently exceed assets and Kisatchie-Delta has a substantial deficit in unrestricted net assets. However, long-term liabilities are payable in annual installments, which are due over a series of years. Since, payments are structured over a series of years, Kisatchie-Delta has sufficient resources on hand to meet its ongoing obligations for the foreseeable future.

Changes in Net Assets

A condensed version of the government-wide Statement of Changes in Net Assets is presented as follows:

KISATCHIE-DELTA

REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis

For the Year Ended June 30, 2006

	<u>June 30,</u>	
	<u>2006</u>	<u>2005</u>
<u>Revenues:</u>		
Program Revenue:		
Charges for Services	\$ 64,769	\$ 91,104
Operating Grants and Contributions	173,248	142,802
General Revenue:		
Membership Dues	42,927	37,814
Miscellaneous	16,472	7,973
Total Revenue	297,416	279,693
<u>Program Expenses:</u>		
General Government		
Finance & Administrative	22,420	35,311
Economic Development		
Federal Procurement	40,744	46,728
EDA Regional Planning	80,896	65,939
Business Loans	120,169	122,572
Enterprise Zone Projects	----	9,424
Assistance to Local Governments	9,451	----
Rural Business Enterprise	47,345	14,906
Renewal Community Projects	19,319	17,435
Delta Regional Assistance	14,722	15,610
Hazard Mitigation Assistance	-----	12,055
Other	538	----
Total Expenses	355,604	339,980
Change in Net Assets	(58,188)	(60,287)
Net Assets Beginning	(366,614)	(306,327)
Net Assets Ending	\$ (424,802)	\$ (366,614)

As presented above, Kisatchie-Delta's net assets have decreased as a result of current operations. The decrease is attributable to losses involving Kisatchie-Delta's IRP loan portfolio.

FINANCIAL ANALYSIS OF KISATCHIE-DELTA'S FUNDS

Activity for Kisatchie-Delta's major funds and the aggregate remaining funds is presented as follows:

KISATCHIE-DELTA

REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

Management's Discussion and Analysis

For the Year Ended June 30, 2006

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Sources And Uses</u>	<u>Excess (Deficiency)</u>
General Fund	\$ 61,628	\$ 35,325	\$ 28,319	\$ 54,622
EDA	62,500	80,896	18,000	(396)
Intermediary Relending	52,862	179,652	—	(126,790)
Federal Procurement	36,973	40,744	3,370	(401)
RBEG	43,048	47,345	4,297	---
Renewal Community	17,155	19,319	---	(2,164)
Other Governmental Funds	23,250	24,711	(53,986)	(55,447)
Total	<u>\$ 297,416</u>	<u>\$ 427,992</u>	<u>\$ ---</u>	<u>\$ (130,576)</u>

The General Fund balance increased as a result of the transfer of resources from funds that were used to account for projects that have been completed. This also resulted in a decrease in fund balance for Other Governmental Funds.

The Intermediary Relending Program experienced a deficiency because principal payments on long-term debt are reported as expenditures by the governmental funds. For the year ended June 30, 2006, principal payments totaled \$68,186. In addition, the Intermediary Relending Program experienced loan losses totaling \$63,300 as a result of default on loans originated under the program.

GENERAL FUND BUDGET HIGHLIGHTS

Kisatchie-Delta is a non-profit organization governed by a Board of Directors that is appointed by various governmental units. Since it is organized as a nonprofit organization, Kisatchie-Delta is not required to adopt or amend budgets for its funds and no budget comparisons are presented.

CAPITAL ASSET ADMINISTRATION

Capital asset activity for the year ended June 30, 2006 is limited to making improvements to the facility that is utilized as office space.

DEBT ADMINISTRATION

For the year ended June 30, 2006, debt activity was limited to the contractual maturity of existing obligations and changes in compensated absences.

FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

At the present time, no significant factors are expected to effect further operations.

KISATCHIE-DELTA

REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

Statement of Net Assets

June 30, 2006

	Governmental Activities
<hr/>	
<u>Assets</u>	
Cash and cash equivalents	\$ 364,006
Accounts receivable	70,906
Real estate held for resale	99,000
Other assets	900
Loans receivable, net of allowance for loan losses	423,753
Depreciable capital assets, net	<u>9,094</u>
 Total assets	 <u>967,659</u>
<u>Liabilities:</u>	
Accounts and other payables	18,075
Deferred revenue	25,600
Long-term liabilities	
Accrued leave	9,617
Note Payable - USDA	
Due within one year	68,868
Due in more than one year	<u>1,270,301</u>
 Total liabilities	 <u>1,392,461</u>
<u>Net Assets</u>	
Invested in capital assets, net of related debt	9,094
Unrestricted	<u>(433,896)</u>
 Total net assets (deficit)	 <u>\$ (424,802)</u>

The accompanying notes are an integral part of the financial statements.

KISATCHIE-DELTA

REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

Statement of Activities

Year Ended June 30, 2006

	Expenses	Program Revenues			Net (Expenses) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
<u>Governmental Activities:</u>					
General Government	\$ 22,420	\$ -	\$ -	-	\$ (22,420)
Finance and Administration					
Economic Development					
Federal Procurement	40,744	-	36,973	-	(3,771)
EDA Regional Planning	80,896	-	62,500	-	(18,396)
Business Loans	120,169	56,519	-	-	(63,650)
Assistance to Local Governments	9,451	8,250	-	-	(1,201)
Rural Business Enterprise	47,345	-	41,775	-	(5,570)
Renewal Community Projects	19,319	-	17,000	-	(2,319)
Delta Regional Assistance	14,722	-	15,000	-	278
Other	538	-	-	-	(538)
Total Governmental Activities	355,604	64,769	173,248	-	(117,587)

General Revenues:

Membership Dues	42,927
Miscellaneous	16,472
Total General Revenues	59,399
Change in Net Assets	(58,188)
Net Assets Beginning	(366,614)
Net Assets Ending	\$ (424,802)

The accompanying notes are an integral part of the financial statements.

KISATCHIE-DELTA

REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

Balance Sheet

Governmental Funds - June 30, 2008

	General	EDA	Intermediary Refunding	Federal Procurement	RBEG	Renewal Community	Other Governmental Funds	Total Governmental Funds
Assets								
Cash and cash equivalents	\$ 69,301	\$ -	\$ 294,705	\$ -	\$ -	\$ -	\$ -	\$ 364,006
Accounts receivable	20,634	13,250	-	-	12,081	17,000	7,921	70,906
Interfund receivables	21,171	33,849	-	10,532	-	-	3,357	68,909
Real estate held for resale	-	-	99,000	-	-	-	-	99,000
Other assets	900	-	-	-	-	-	-	900
Loans receivable, net of allowance for loan losses	-	-	423,753	-	-	-	-	423,753
Total assets	112,026	47,099	817,458	10,532	12,081	17,000	11,278	1,027,474
Liabilities and Fund Balances								
Liabilities								
Accounts and other payables	3,929	3,909	2,785	223	4,638	1,568	1,003	18,075
Deferred revenue	-	23,000	-	-	600	-	-	25,600
Interfund payables	-	-	30,765	-	7,113	26,335	4,696	68,909
Total Liabilities	3,929	28,909	33,550	223	12,371	27,903	5,699	112,584
Fund Balances								
General Fund	108,097	-	-	-	-	-	-	108,097
Special Revenue Funds	-	18,190	783,908	10,309	(290)	(10,903)	5,579	806,793
Total Fund Balances	108,097	18,190	783,908	10,309	(290)	(10,903)	5,579	914,890
Total Liabilities and Fund Balances	\$ 112,026	\$ 47,099	\$ 817,458	\$ 10,532	\$ 12,081	\$ 17,000	\$ 11,278	\$ 1,027,474

The accompanying notes are an integral part of the financial statements

KISATCHIE-DELTA

REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement Net Assets

June 30, 2006

Total Fund Balances - Governmental Funds	\$ 914,890
Amounts reported for governmental activities in the statement of net assets are different because:	
Long term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet	(1,348,785)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>9,094</u>
Net Assets of Governmental Activities	<u>\$ (424,802)</u>

The accompanying notes are an integral part of the financial statements.

KISATCHIE-DELTA

REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2006

	General	EDA	Intermediary Relending	Federal Procurement	RBEG	Renewal Community	Other Governmental Funds	Total Governmental Funds
Revenues:								
Grants - Federal	\$ -	\$ 62,500	\$ -	\$ 36,973	\$ 41,775	\$ -	\$ 15,000	\$ 156,248
State funds	-	-	-	-	-	17,000	-	17,000
Local funds	-	-	-	-	-	-	8,250	8,250
Membership dues	42,927	-	-	-	-	-	-	42,927
Interest and fees from loans	12,866	-	43,653	-	-	-	-	56,519
Miscellaneous	5,835	-	9,209	-	1,273	155	-	16,472
Total revenues	61,628	62,500	52,862	36,973	43,048	17,155	23,250	297,416
Expenditures:								
Current								
General Government	16,068	-	-	-	-	-	-	16,068
Finance and Administration	-	-	-	-	-	-	-	-
Economic Development	-	-	-	40,744	-	-	-	40,744
Federal Procurement	-	80,896	-	-	-	-	-	80,896
EDA Regional Planning	8,703	-	97,392	-	-	-	-	106,095
Business Loans	-	-	-	-	-	-	9,451	9,451
Assistance to Local Government	-	-	-	-	47,345	-	-	47,345
Rural Business Enterprise	-	-	-	-	-	19,319	-	19,319
Renewal Community Projects	-	-	-	-	-	-	14,722	14,722
Delta Regional Assistance	-	-	-	-	-	-	538	538
Other	-	-	-	-	-	-	-	-
Capital Expenditures	10,554	-	82,260	-	-	-	-	10,554
Debt Service	-	-	-	-	-	-	-	82,260
Total expenditures	35,325	80,896	179,652	40,744	47,345	19,319	24,711	427,992
Excess (deficiency) of revenues over expenditures	26,303	(18,396)	(126,790)	(3,771)	(4,297)	(2,164)	(1,461)	(130,576)

The accompanying notes are an integral part of the financial statements

KISATCHIE-DELTA

REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds - Year Ended June 30, 2006

	General	EDA	Intermediary Refunding	Federal Procurement	RSEG	Renewal Community	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	26,303	(18,396)	(126,790)	(3,771)	(4,297)	(2,164)	(1,461)	(130,576)
Other Financing Sources (Uses):								
Operating transfers in (out)	28,319	18,000	-	3,370	4,297	-	(53,986)	-
Excess (deficiency) of revenues and other resources over other resources over (under) expenditures and other uses	54,622	(396)	(126,790)	(401)	-	(2,164)	(55,447)	(130,576)
Fund balance - beginning of year	53,475	18,586	910,698	10,710	(290)	(5,739)	61,026	1,045,466
Fund balance - end of year	\$ 108,097	\$ 18,190	\$ 783,908	\$ 10,309	\$ (290)	\$ (10,903)	\$ 5,579	\$ 914,890

The accompanying notes are an integral part of the financial statements

KISATCHIE-DELTA

REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended June 30, 2006

Net change in fund balances of Governmental Funds \$ (130,576)

Amounts reported for governmental activities in the statement of
activities are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities the cost of those assets is allocated over
estimated useful lives and reported as depreciation expense. Capital
outlays and depreciation are presented as follows:

Capital Outlay	10,554
Depreciation	(4,067)

Repayment of debt principal is an expenditure in the governmental funds, but
the repayment reduces long-term liabilities in the statement of net assets.

65,901

Change in net assets of governmental activities \$ (58,188)

The accompanying notes are an integral part of the financial statements.

Kisatchie-Delta

Regional Planning and Development District

Notes to Financial Statements

June 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kisatchie-Delta Regional Planning and Development District, Inc. is a non-profit organization organized under the Laws of the State of Louisiana. The District represents a portion of Central Louisiana that includes eight (8) parishes. Kisatchie-Delta is governed by a Board of Directors and members of the Board are appointed by the governing bodies of various political subdivisions that lie within the boundaries of the District.

Kisatchie-Delta was organized in order to promote economic development and alleviate unemployment. Its activities are financed by Federal and State grants, as well as support from local governmental units. Since Kisatchie-Delta is financed by governmental sources and, since its Board of Directors is appointed by various local governments, Kisatchie-Delta is considered to be a quasi-governmental unit for financial reporting purposes. The accompanying financial statements were prepared in conformity with generally accepted accounting principles for governmental units.

The following is a summary of certain significant accounting policies and practices:

Financial Reporting Entity

Kisatchie-Delta is considered a legally separate stand-alone government as defined by Statement No. 14 of the Governmental Accounting Standards Board. The reporting entity is composed of the activities that are under the direct control of the Board of Directors. Kisatchie-Delta is not financially accountable for any organizations that maintain separate legal standing; therefore, it has no component units.

Basic Financial Statements

All of Kisatchie-Delta's operations are classified as governmental activities. Governmental activities involve government services that are normally supported by intergovernmental revenues and certain fees. The basic financial statements include both government-wide and fund financial statements. The government-wide and fund financial statements present the District's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about Kisatchie-Delta as a whole. The effect of interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service. Program revenues include charges for services, fees, contributions associated with a particular function and most grants.

Kisatchie-Delta

Regional Planning and Development District

Notes to Financial Statements

June 30, 2006

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Major individual funds are reported as separate columns in the fund financial statements. The District's major funds are described as follows:

- General Fund – The general fund is the primary operating fund and is used to account for all governmental activities that are not required to be presented elsewhere.
- EDA – This fund accounts for activity related to regional planning activities supported by EDA grants and local matching funds.
- Intermediary Relending – This fund accounts for revolving loan activity that is financed by a loan from the United States Department of Agriculture.
- Federal Procurement – This fund accounts for assistance provided to business that are interested in doing business with federal agencies. Federal procurement is financed with grant funds provided by the Louisiana Productivity Center and local matching funds.
- RBEG – Fund established to account for resources devoted to provide training for rural entrepreneurs.
- Renewal Community - Fund established to account for resources devoted to administering programs associated with the Central Louisiana Renewal Community.

Basis Of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements	Modified Accrual Basis	Current Financial Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 90 days of year end. In addition, expenses are generally recorded when a liability has been incurred. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as

Kisatchie-Delta

Regional Planning and Development District

Notes to Financial Statements

June 30, 2006

liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

Accumulated Unpaid Vacation

The District's employees earn from one to one and a half hours of vacation pay for every twenty hours worked depending upon their length of service. Vacation time not taken may be carried forward to subsequent periods; but upon termination, no more than thirty days of accrued vacation will be paid to the employee. Earned vacation has been charged to the funds based on the same allocation as regular salary.

Capital Assets

Capital assets include significant acquisitions of equipment that are expected to remain in service for a period of years. Capital assets are reported in the government-wide financial statements but are excluded from the fund financial statements. Instead, the funds report the acquisition of capital assets as expenditures rather than asset acquisitions. Capital assets are depreciated using the straight-line method and useful lives ranging from 5 years to 7 years.

Interfund Receivables And Payables

Amounts of cash held or disbursed by the General Fund on behalf of other funds are recorded as Interfund Payables and Receivables. These Interfund Payables and Receivables are eliminated from the government-wide financial statement presentation.

Loans and Allowance for Loan Losses

Loans are reported at the amount of unpaid principal reduced by an allowance for loan losses. The allowance for loan losses is based on an amount that management believes will be adequate to absorb potential losses on existing loans. The allowance is established through a provision for loan losses charged to expenditures. Loans are charged against the allowance for loan losses when management believes that the collectability of principal is unlikely.

Real Estate Held for Resale

Certain real estate that served as collateral to secure loans has been repossessed. The repossessed real estate is reported at its estimated fair market value. Kisatchie-Delta has placed the property on the market and is actively seeking buyers.

Cash And Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Kisatchie-Delta

Regional Planning and Development District

Notes to Financial Statements

June 30, 2006

Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

Use Of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgets

As discussed previously, Kisatchie-Delta is organized as a non-profit corporation rather than a political subdivision. Accordingly, Kisatchie-Delta is not required to prepare a formal budget or present budget comparisons with its financial statements.

NOTE 2 – INTERNAL BALANCES AND ACTIVITY

The interfund receivables and payables at June 30, 2006 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 21,171	\$ ----
Special Revenue Funds:		
Economic Development Administration	33,849	----
Intermediary Relending	----	30,765
Federal Procurement	10,532	----
Rural Business Enterprise	----	7,113
Renewal Community	----	26,335
Other Governmental Funds	3,357	4,696
Total	\$ 68,909	\$ 68,909

Various funds deposit cash into a single bank account and money is disbursed from the account on behalf of these funds. This commingling of resources results in the interfund receivables and payables presented above.

Operating transfers for the year ended June 30, 2006 are presented as follows:

Kisatchie-Delta

Regional Planning and Development District

Notes to Financial Statements

June 30, 2006

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>	<u>Net</u>
General Fund	\$ 53,986	\$ 25,667	\$ 28,319
Special Revenue Funds:			
Economic Development Admin	18,000	---	18,000
Federal Procurement	3,370	---	3,370
Rural Business Enterprise	4,297	---	4,297
Other Governmental Funds	---	53,986	(53,986)
Total	\$ 79,653	\$ 79,653	\$ ---

The transfers described above were made for various purposes, which are described below:

- In order to provide matching funds required by certain grants, the general fund transferred \$25,667 provided by membership dues to various programs. Recipients of these transfers included Economic Development Administration, Federal Procurement and Rural Business Enterprises.
- Funds created to account for certain projects have been closed out due to completion of the projects. Resources remaining in these funds totaling \$53,986 were transferred to the general fund.

NOTE 3 – CAPITAL ASSETS

Changes in capital assets are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Depreciable Capital Assets</u>				
Furniture, Fixtures and Equipment	\$ 36,745	\$ ---	\$ (1,270)	\$ 35,475
Leasehold Improvements	---	10,554	---	10,554
Accumulated Depreciation	(34,138)	(4,067)	1,270	(36,935)
Total	\$ 2,607	\$ 6,487	\$ ---	\$ 9,094

Capital assets are limited to furniture, fixtures, equipment and improvements used in the administration of Kisatchie-Delta's activities. Accordingly, depreciation expense is reported in the accompanying government-wide financial statements as a finance and administrative expense.

NOTE 4 - INTERMEDIARY RELENDING PROGRAM

Kisatchie-Delta has been selected to participate in the Intermediary Relending Program sponsored by the United States Department of Agriculture. As an intermediary, Kisatchie-Delta has borrowed \$2,000,000 from the Farmers Home Administration at an interest rate of one percent (1%). Funds

Kisatchie-Delta

Regional Planning and Development District

Notes to Financial Statements

June 30, 2006

borrowed from the Farmers Home Administration were used to create a portfolio of revolving loans to eligible borrowers within the Kisatchie-Delta District.

As of June 30, 2006, the loan portfolio consist of nine (9) loans that are secured by a variety of collateral that includes real estate, equipment and inventories. The amount currently outstanding is presented as follows:

Loans Receivable	\$ 761,778
Allowance for Loan Losses	(338,025)
Loans (net)	\$ 423,753

An analysis of activity effecting the allowance for loan losses for the year ended June 30, 2006 is presented as follows:

<u>Allowance For Loan Losses:</u>	
Balance, Beginning of the Year	\$ 274,726
Provision for Bad Debts	63,299
Loans Charged Off	---
Recoveries	---
Balance, End of the Year	\$ 338,025

NOTE 5 - LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended June 30, 2006

	Accrued Leave Liability	Farmers Home Administration	Total
Beginning of Year	\$ 7,332	\$ 1,407,355	\$ 1,414,687
Additions	2,285	----	2,285
Long-term Debt Retired	---	68,186	68,186
End of Year	9,617	1,339,169	1,348,786
Due Within One Year	---	68,868	68,868
Due in More Than One Year	\$ 9,617	\$ 1,270,301	\$ 1,279,918

Notes payable at June 30, 2006 are comprised of the following general obligations:

Kisatchie-Delta

Regional Planning and Development District

Notes to Financial Statements

June 30, 2006

A \$2,000,000 loan from the USDA at 1% for the purpose of financing Kisatchie-Delta's participation in the Intermediary Relending Program. Interest is due in semi-annual installments beginning July 8, 1994. Principal and interest will be paid in a series of equal installments beginning February 8, 1997 and continuing for a period of thirty (30) years. The note is secured by Kisatchie-Delta's intermediary loan portfolio.

	\$ 1,339,169
Total General Obligations	<u>\$ 1,339,169</u>

Since Kisatchie-Delta's general obligations were incurred to finance the IRP loan program, the IRP loan fund has provided resources to service the general obligation debt. In addition, interest incurred in connection with the general obligations has been reported in the Statement of Activities as a business loan program expense. For the year ended June 30, 2006, the business loan program expenses included interest expense totaling \$14,074.

Compensated absences are usually liquidated by Kisatchie-Delta's general fund

Future payment of principal and interest on outstanding general obligations is presented as follows:

<u>Year Ended June 30th</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 68,868	\$ 13,392	\$ 82,260
2007	69,557	12,703	82,260
2008	70,253	12,007	82,260
2009	70,955	11,305	82,260
2010	71,665	10,595	82,260
2011 - 2015	369,217	42,083	411,300
2016 - 2020	388,051	23,249	411,300
2021 - 2025	230,603	4,511	235,114
Total	<u>\$ 1,339,169</u>	<u>\$ 129,845</u>	<u>\$ 1,469,014</u>

NOTE 6 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2006 are presented as follows:

Grant contracts	\$ 49,502
Service fees	20,604
Other	800
Total	<u>\$ 70,906</u>

Kisatchie-Delta

Regional Planning and Development District

Notes to Financial Statements

June 30, 2006

NOTE 7 - COMPENSATION OF BOARD MEMBERS

During the year, no compensation was paid to any member of the District's Board of Directors.

NOTE 8 - CASH

At June 30, 2006 the District's cash balances totaled \$364,006 (Book Balance) and \$377,700 (Bank Balance). The bank balance of is secured by FDIC insurance totaling \$166,443 and collateralized by pledged securities held by the custodial bank in the name of the fiscal agent bank with a market value at June 30, 2006 of \$278,987. Even though the pledged securities are held in the name of the fiscal agent bank, State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds on demand.

A portion of the bank balance was held in an account that was not insured or collateralized by pledged securities. The portion of deposits that were unsecured at June 30, 2006 totaled \$1,277.

NOTE 9 - RISK MANAGEMENT:

Kisatchie-Delta is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and workers compensation insurance. Claims resulting from these risks have historically not exceeded insurance coverage.

NOTE 10 - FUND BALANCES

At June 30, 2006, the following funds reported deficit balances:

Enterprise Zone	\$ 3,351
Pineville Infrastructure	1,201
LED	538
RBEG	290
Renewal Community	10,903
<u>Total Deficits</u>	<u>\$ 16,283</u>

The General Fund will provide operating transfers to eliminate any deficit that cannot be eliminated through ordinary operations.

NOTE 11 - LEASE

Kisatchie-Delta has acquired office facilities necessary for operations by executing a lease agreement. The obligation for future minimum rental payments under this rental arrangements is presented as follows:

Kisatchie-Delta

Regional Planning and Development District

Notes to Financial Statements

June 30, 2006

For the Year Ended June 30th:

2007	\$ 10,200
2008	10,200
2009	<u>4,250</u>

Total Future Minimum Rental Payments	<u>\$ 24,650</u>
--------------------------------------	------------------

For the year ended June 30, 2006, lease expenditures totaling \$5,950 were incurred and reported as finance and administration expenditures.

KISATCHIE-DELTA

REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Non Major Governmental Funds - Year Ended June 30, 2006

	Enterprise Zone	Delta Regional Authority	Reapportionment	Pineville Infrastructure	LED	Avoyelles Flood Plan	Hazard Mitigation	Total
Revenues:								
Grants - Federal	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Local funds	-	-	-	8,250	-	-	-	8,250
Total revenues	-	15,000	-	8,250	-	-	-	23,250
Expenditures:								
General Government								
Assistance to Local Governments	-	-	-	9,451	-	-	-	9,451
Delta Regional Assistance	-	14,722	-	-	-	-	-	14,722
Other	-	-	-	-	538	-	-	538
Total expenditures	-	14,722	-	9,451	538	-	-	24,711
Excess (deficiency) of revenues over expenditures	-	278	-	(1,201)	(538)	-	-	(1,461)
Other Financing Sources (Uses):								
Operating transfers in (out)	-	-	(35,131)	-	-	(11,206)	(7,649)	(53,986)
Excess (deficiency) of revenues and other resources over other resources over (under) expenditures and other uses	-	278	(35,131)	(1,201)	(538)	(11,206)	(7,649)	(55,447)
Fund balance - beginning of year	(3,351)	10,391	35,131	-	-	11,206	7,649	61,026
Fund balance - end of year	\$ (3,351)	\$ 10,669	\$ -	\$ (1,201)	\$ (538)	\$ -	\$ -	\$ 5,579

The accompanying notes are an integral part of the financial statements

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RETIRED - 2005

August 29, 2006

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Kisatchie-Delta Regional Planning
and Development District
Alexandria, Louisiana

We have audited the basic financial statements of the Kisatchie-Delta Regional Planning and Development District, as of and for the year ended June 30, 2006 and have issued our report thereon dated August 29, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Kisatchie-Delta's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Kisatchie-Delta's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that

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KISATCHIE-DELTA REGIONAL PLANNING AND DEVELOPMENT DISTRICT

AUGUST 29, 2006

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would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

KISATCHIE-DELTA
REGIONAL PLANNING AND DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2006

We were engaged to audit the financial statements of Kisatchie-Delta Regional Planning and Development District as of and for the year ended June 30, 2006, and have issued our report thereon dated August 29, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report expresses an unqualified opinion on the financial statements for the year ending June 30, 2006.

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

- a. The report on internal control and compliance material to the financial statements reported the following items:
- Internal Control – There were no reportable conditions
 - Compliance – No noncompliance that is material to the financial statements.
- b. Federal Awards:
- N/A, Federal Awards received during the year ended June 30, 2006 were not sufficient in amount to require a single audit.
- c. Identification of Major Programs:
- N/A

SECTION II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

- None

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:

- None

KISATCHIE-DELTA
REGIONAL PLANNING AND DEVELOPMENT DISTRICT
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2006

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
No findings were reported in the schedule of findings and questioned costs.	Response - N/A
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings were reported in the schedule of findings and questions cost.	Response - N/A
SECTION III MANAGEMENT LETTER	
No findings were reported in the schedule of findings and questions cost.	Response - N/A

KISATCHIE-DELTA
REGIONAL PLANNING AND DEVELOPMENT DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
No findings of this nature were reported as a result of the previous audit.	Response – N/A
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings of this nature were reported as a result of the previous audit.	Response – N/A
SECTION III MANAGEMENT LETTER	
No findings of this nature were reported as a result of the previous audit.	Response – N/A